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BEFORE THE ARIZONA CORPORATION

DOCKETED

AUG 06 2001

1
2 WILLIAM A. MUNDELL
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner
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DOCKETED BY	<i>sd</i>
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6 IN THE MATTER OF THE APPLICATION)
7 OF Mescal LAKES WATER SYSTEMS, INC.,)
8 FILING FOR APPROVAL OF A)
CURTAILMENT PLAN TARIFF FOR ITS)
SYSTEM)

DOCKET NO. W-02472A-01-0432

DECISION NO. 63921ORDER

9 Open Meeting
10 July 24 and 25, 2001
Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

13 1. On June 4, 2001, Mescal Lakes Water Systems, Inc., ("Mescal Lakes") filed an
14 application with the Commission requesting approval of a curtailment plan.

15 2. Mescal Lakes is a public service corporation which provides water utility service to the
16 public in a portion of Cochise County

17 3. Mescal Lakes has two wells and serves 413 customers north of Sierra Vista, Arizona.

18 4. Mescal Lakes is requesting approval of a Curtailment Tariff. The purpose of this tariff
19 is to establish guidelines to restrict the water use of customers at times when Mescal Lakes is
20 experiencing a water shortage emergency.

21 5. The curtailment tariff proposed by Mescal Lakes would work in stages as follows:

22 Stage 1 Exists When:

23 a. The Company is able to maintain water storage in the system at 100 percent of
24 capacity and there are no known problems with its well production or water
25 storage in the system.

26 Restrictions: Under Stage 1, the Company is deemed to be operating normally and no
curtailment restrictions are necessary.

27 Notice Requirements: Under Stage 1, no notice is necessary.
28

1 Stage 2 Exists When:

- 2 a. The Company's total storage and well production has been less than 80 percent
3 of capacity for at least 48 hours consecutive hours, and
- 4 b. The Company has identified issues such as steadily declining water table, an
5 increased draw-down threatening pump operations, poor water production
6 creating a reasonable belief the Company will be unable to meet anticipated
7 water demands in the system.

8 Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ
9 water conservation measures to reduce water consumption by approximately 50 percent.
10 Outside watering should be limited to essential water, dividing outside watering on some
11 uniform basis (such as even and odd days) and eliminating outside watering on weekends and
12 holidays.

13 Notice Requirements: Under Stage 2, the Company is required to notify customers by
14 delivering written notice door to door at each address, or by United States first class mail to
15 the billing address or, at the Company's option, both. Such Notice shall notify the customers
16 of the general nature of the problem and the need to conserve water.

17 Stage 3 Exists When:

- 18 a. The Company's total storage and well production has been less than 50 percent
19 for at least 24 consecutive hours. The Company has identified issues such as
20 a steadily declining water table, and increased draw down threatening pump
21 operations creating a reasonable belief the Company will be unable to meet
22 anticipated water demand on a sustain basis. The Company must rely on an
23 emergency connection with the City of Tucson to augment the minimum needs
24 of the customers.

25 Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ
26 water conversation measures to reduce daily consumption by approximately 50 percent. All
27 outside watering should be eliminated, except livestock, and indoor water conservation
28 techniques should be employed wherever possible.

29 Notice Requirements:

- 30 a. The Company is required to notify customers by delivering written notice to
31 each service address, or by United States first class mail to the billing address
32 or, at the Company's option, both. Such Notice shall notify the customers of
33 the general nature of the problem and the need to conserve water.
- 34 b. Beginning with Stage 3, the Company shall post at least two signs showing
35 curtailment stage. Signs shall be posted at the well site and at the entrance to
36 the major subdivision served by the Company.

- 1 c. Company shall notify the Consumer Services Unit of the Utilities Division of
2 the Commission at least 12 hours prior to entering Stage 3.

3 Stage 4 Exists:

- 4 a. Company's total storage has been less than 25 percent for at least 12
5 consecutive hours. The Company has identified issues such as a steadily
6 declining water table, and increased draw down threatening pump operations
7 creating a reasonable belief the Company will be unable to meet anticipated
8 water demand on a sustained basis. The Company must rely on an emergency
9 connection with the City of Tucson to augment the minimum needs of the
10 customers.

11 Restrictions: Under Stage 4, the Company shall inform the customers of a mandatory
12 restriction to employ water conservation measures to reduce daily consumption. All outside
13 watering should be eliminated, except livestock, and indoor water conservation techniques
14 should be employed wherever possible. Failure to comply will result in temporary
15 disconnection.

16 Notice Requirements:

- 17 a. The Company is required to notify customers by delivering written notice to
18 each service address, or by United States first class mail to the billing address
19 or, at the Company's option, both. Such Notice shall notify the customers of
20 the general nature of the problem and the need to conserve water.
- 21 b. The Company shall have posted at least two signs showing curtailment stage.
22 Signs shall be posted at the well site and at the main entrance to the major
23 subdivision served by the Company.
- 24 c. The Company shall notify the Consumer Services Unit of the Utilities Division
25 of the Commission at least 12 hours prior to entering Stage 4.
- 26 d. Customers who fail to comply with cessation of outdoor use provisions will be
27 given a written notice to end all outside use. Failure to comply within two (2)
28 working days of receipt of the notice will result in temporary loss of service
 until an agreement can be made to end unauthorized use of outside water. To
 restore service, the customer shall be required to pay all authorized
 reconnection fees.

29 6. Staff agrees with Mescal Lakes that it needs a curtailment mechanism in place and finds
30 it to be in the public interest. Therefore, Staff recommends approval of the curtailment plan filed by
31 Mescal Lakes with the following modifications:

32 ...

- 1 a. The word "and" should be inserted before the word "poor" in paragraph "b"
2 under Stage 2.
- 3 b. Under Stage 3 there should be a paragraph "a" and "b". Paragraph "a" should
4 be the first sentence as currently written under Stage 3. Paragraph "b" should
5 be the same as paragraph "b" under Stage 2. The reference to the City of
6 Tucson should be eliminated.
- 7 c. For the Notice Requirements under Stage 3, the word "Unit" should be replaced
8 with the word "Section" in paragraph "c". A sentence should be added to
9 paragraph "c" that states, "In addition, the Company shall inform the Consumer
10 Services Section of the Company's plans to correct the water shortage problem
11 and how long the Company expects to remain in Stage 3."
- 12 d. Under Stage 4 there should be a paragraph "a" and "b". Paragraph "a" should
13 be the first sentence as currently written under Stage 4. Paragraph "b" should
14 be the same as paragraph "b" under Stage 2. The reference to the City of
15 Tucson should be eliminated.
- 16 e. For the Notice Requirements under Stage 4, the word "Unit" should be replaced
17 with the word "Section" in paragraph "c". Two sentences should be added to
18 paragraph "c" that state, "In addition, the Company shall inform the Consumer
19 Services Section of the Company's plans to correct the water shortage problem
20 and how long the Company expects to remain in Stage 4. The Company shall
21 immediately notify the Consumer Services Section when the Stage 4
22 restrictions are lifted."
- 23 7. Staff further recommends that this curtailment procedure become part of Mescal Lakes'
24 Arizona Department of Environmental Quality Emergency Operations Plan.
- 25 8. Staff further recommends that during the period when these water usage restrictions are
26 effective, Mescal Lakes' tariff reconnection rate shall apply to any service terminated for failure to
27 comply with the curtailment conditions during Stage 4.
- 28 9. Staff further recommends that Mescal Lakes file with the Utilities Compliance Section
 a copy of the curtailment tariff as approved by the Commission within thirty (30) days of the effective
 date of the Commission's decision in this matter.
10. Staff further recommends that the curtailment tariff not become effective until the final
 tariff is filed with the Compliance Section and verified for accuracy by Staff.
11. Staff further recommends that the Company notify all of its customers of this new tariff
 within thirty (30) days of the effective date of this decision and file an affidavit with the Compliance

1 Section within forty (40) days of the effective date of this decision verifying that notice has been sent
2 to the customers.

3 CONCLUSIONS OF LAW

4 1. Mescal Lakes Water Systems, Inc., is a public service corporation within the meaning
5 of Article XV, Section 2, of the Arizona Constitution.

6 2. The Commission has jurisdiction over Mescal Lakes and the subject matter of the
7 application.

8 3. The Commission, having reviewed the application and Staff's Memorandum dated July
9 10, 2001, concludes that it is in the public interest to approve the curtailment plan tariff.

10 ORDER

11 IT IS THEREFORE ORDERED that Mescal Lakes Water Systems, Inc., be authorized to
12 implement its proposed curtailment plan tariff with the modifications as recommended by Staff as
13 described in findings of fact No. 6.

14 IT IS FURTHER ORDERED that this curtailment procedure become part of Mescal's Arizona
15 Department of Environmental Quality Emergency Operations Plan.

16 IT IS FURTHER ORDERED that during the period when these water usage restrictions are
17 effective, Mescal Lakes Water Systems, Inc., tariff reconnection rate shall apply to any service
18 terminated for failure to comply with the curtailment conditions during Stage 4.

19 IT IS FURTHER ORDERED that Mescal Lakes Water Systems, Inc., shall file with the
20 Utilities Division Compliance Section a copy of the curtailment tariff as approved by the Commission
21 within 30 days of the effective date of the Commission's decision in this matter.

22 IT IS FURTHER ORDERED that this curtailment tariff not become effective until the final
23 tariff is filed with the Compliance Section and verified for accuracy by Staff of the Utilities Division.

24 IT IS FURTHER ORDERED that Mescal Lakes Water Systems, Inc., shall not implement its
25 curtailment plan tariff until all current customers of Mescal Lakes have been given notice of this tariff.

26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that Mescal Lakes Water Systems, Inc., shall notify its customers
2 of the curtailment plan within thirty (30) days of the effective date of this decision and file an affidavit
3 with the Compliance Section within forty (40) days of the effective date of this decision verifying that
4 notice has been sent to the customers.

5 IT IS FURTHER ORDERED that this Decision become effective immediately.

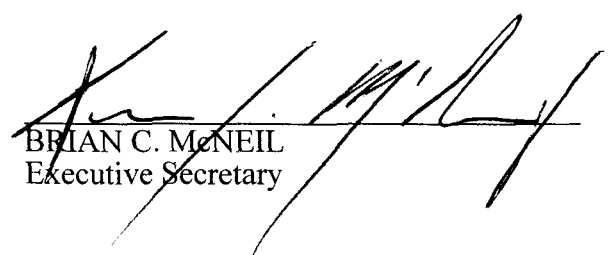
6 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 CHAIRMAN

9 
10 COMMISSIONER

11 
12 COMMISSIONER

13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
14 Secretary of the Arizona Corporation Commission, have
15 hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 6th day of August, 2001.

18 
19 BRIAN C. McNEIL
20 Executive Secretary

21 DISSENT: _____

22 DRS:RSK:bsl/JMA
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1 SERVICE LIST FOR: Mescal Lakes Water Systems, Inc.

2 DOCKET NO. W-02472A-01-0432

3 Ms. Bonnie L. O'Connor
4 Secretary Treasure
Mescal Lakes Water Systems, Inc.
5 P.O. Box 85160
6 Tucson, Arizona 85754

7 Mr. John Calkins
Arizona Department of Environmental Quality
8 3033 North Central Avenue
9 Phoenix, Arizona 85012

10 Ms. Deborah R. Scott
Director, Utilities Division
11 Arizona Corporation Commission
12 1200 West Washington
Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley
Chief Counsel
14 Arizona Corporation Commission
15 1200 West Washington
Phoenix, Arizona 85007

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